

TEXAS



GENERAL LAND OFFICE

JERRY PATTERSON, COMMISSIONER

To: All CDBG-DR Program Round 2 Housing
Grant Administrators and Subrecipients

From: Texas General Land Office

Date: April 9, 2014

Effective Date: As of the effective date of each affected Contract

Re: Exclusion of Secured Transaction Language and Requirements
From Round 2 Housing Contracts

This is a Technical Guidance Letter ("TGL") as defined in **SECTION 1.04** of all Round 2 Housing Contracts between the Texas General Land Office ("GLO"), as administrator of the Community Development Block Grant Disaster Recovery ("CDBG-DR") Program, and CDBG-DR Subrecipients ("Round 2 Housing Contracts"). This TGL shall be considered effective retroactively, as of the effective date of all affected Round 2 Housing Contracts.

As stated in **SECTION 1.04** of the Round 2 Housing Contracts, a TGL is an instruction, clarification, or interpretation issued by the GLO concerning CDBG-DR Program requirements. This TGL is addressed to all Grant Administrators and Subrecipients participating in Round 2 housing activities. As provided in **SECTIONS 1.01(a)** and **1.03** of the Round 2 Housing Contracts, this TGL revises and is hereby made part of each affected Subrecipient's Round 2 Contract.

The purpose of this TGL is to revise certain **Attachment F** documents, Special Conditions, Housing Rehabilitation or Reconstruction Assistance, Paragraphs (2), (3), and (6) (collectively, "**Attachment F**"). Currently, in some Round 2 Contracts, the language in Attachment F requires Subrecipients to provide single-family, owner-occupied homeowner assistance in the form of a deferred-payment loan secured by a deed of trust on the Homeowner's property, recorded in applicable county records, creating a lien to be released at the end of the loan term if all CDBG-DR Program requirements have been satisfied. Pursuant to the GLO Disaster Recovery Division's Round 2 Housing Guidelines, Round 2 Housing Contracts no longer require the security of a deed of trust. The GLO now requires that persons receiving single-family, owner-occupied homeowner assistance execute an Unsecured Forgivable Promissory Note and other documentation as listed in the GLO's Round 2 Housing Guidelines. References to lien, release of lien, deed of trust, recordation, and enforcement, as well as all related Program requirements, are hereby deleted from the subset of **Attachment F** documents that contain these references. There is no requirement to prepare or record a deed of trust when assisting single-family, owner-occupied Homeowners under Round 2. Subrecipients may choose to require a lien as part of their local program design, but there is no contractual obligation to the GLO to do so.

Stephen F. Austin Building • 1700 North Congress Avenue • Austin, Texas 78701-1495

Post Office Box 12873 • Austin, Texas 78711-2873

512-463-5001 • 800-998-4GLO


www.glo.state.tx.us

All other terms and conditions of the Contract, as amended or previously revised, remain in full force and effect.

Please refer any questions or concerns regarding this TGL to:

Doralicia Rivera, Residential Activities Manager
CDBG-DR Program
Texas General Land Office
(512) 475-5053
Doralicia.Rivera@glo.texas.gov

Sincerely,



Jorge Ramirez, Senior Director
CDBG-DR Program
Texas General Land Office